

Statement of Mr. Stanley L. Busboom Staff Member and Former Director,
Security Division **Los Alamos National Laboratory**

Committee House Energy and Commerce Subcommittee on Oversight and
Investigations

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To fulfill its promise of full cooperation with Congress and its investigation, **Los Alamos National Laboratory** and University of California have ordered me to appear here and give testimony under oath as a condition of my employment. The terms of this order are contained in a letter from James L. Holt, Laboratory Associate Director for Operations, which I have attached to my testimony.

I was the Director of Security at **Los Alamos National Laboratory (LANL)** for 5 years, up until January 8th of this year. Prior to that, I served my country in uniform for 26 years. My record as a Colonel in the Air Force was exemplary, and my service at **Los Alamos** was recognized with outstanding performance ratings for my entire tenure as a division leader.

The Office of Security Inquiries (OSI) at **Los Alamos** came within my purview. OSI members worked directly for my deputy, Gene Tucker. I did not supervise this function on a day-to-day basis, but I did have supervisory contact with them when Mr. Tucker was absent from the Laboratory. I was also involved in the terminations of Mr. Walp and Mr. Doran.

I first became involved in events leading up to the termination of these two persons in mid-September of 2002. On September 17th, Frank Dickson, **LANL** Chief Legal Counsel, informed my deputy (Mr. Tucker) that he was dissatisfied with the work of OSI on the pending property cases and that he wanted Mr. Walp and Mr. Doran off the cases. Mr. Tucker told me he would handle the situation and he interceded directly with Joe Salgado, **LANL** Chief Operating Officer, on Mr. Walp and Mr. Doran's behalf. The next day (September 18th) I met with Mr. Dickson at 11:30AM, and he outlined his dissatisfaction with the OSI staff in no uncertain terms, saying that Mr. Doran was not trusted by the legal office and that the "jury was still out" on Mr. Walp. He expressed particular

concern that Mr. Walp and Mr. Doran's contacts in the field should not be inconsistent with his interface with the FBI and the U.S. Attorney offices in Albuquerque.

I was extremely concerned by this discussion and I arranged to meet with Mr. Tucker and Mr. Walp later that afternoon at 4:00PM. During that meeting, Mr. Tucker asked Mr. Walp straight out if he was being asked to anything improper, illegal, or unethical. Mr. Walp said "no." Mr. Tucker also confronted Mr. Walp about an incident that Mr. Tucker considered to be insubordination. Mr. Tucker said that Mr. Walp had denounced Mr. Dickson in front of his OSI subordinates, and that this was an inappropriate way to handle a dispute with a colleague. Mr. Tucker also made the point that he had just gone to bat for Mr. Walp. I told Mr. Walp that Mr. Dickson regarded him as uncooperative and that OSI could not be successful in the long run if they did not have a good working relationship with the **LANL** Chief Legal Counsel and his staff.

We then asked Mr. Doran to join the meeting. I repeated Mr. Dickson's concerns to Mr. Doran, including the express concern that the relationship with the FBI and the U.S. Attorney must be maintained. At one point in the conversation, when I did not think Mr. Doran was listening to me, I did offer my opinion that Mr. Dickson would "level you him both barrels" if the dispute between OSI and LC continued. I believe later events have proven my observation to be correct. I did not threaten to fire Mr. Doran. I did tell him that Mr. Dickson was inquiring about his status as a probationary employee, and I am certain that Mr. Doran found that to be of great concern. I also found it to be of great concern, as I wanted Mr. Tucker's efforts on his behalf to be successful.

As a manager, I was obligated to let Mr. Walp and Mr. Doran know where they stood with Mr. Dickson, without sugar coating it. The context of this conversation was forward-looking, not punitive. My view was that Mr. Tucker had successfully interceded on their behalf and that if they took the time and made the effort to rebuild their relationship with LC, we could put the disputes behind us. None of this discussion in any way touched on Mr. Walp and Mr. Doran not being allowed to do their jobs or not pursuing the cases they were working. It was only about learning to cooperate with LC.

My next personal encounter with Mr. Walp and Mr. Doran came about six weeks later. On October 24th, 2002, at 10:20AM, I received a message that Mr. Dickson needed to speak with me urgently. I got through to him 20 minutes later on his cell phone number and answered this question from him: "When did the FBI first begin investigations into thefts at **Los Alamos**, and when did management know about it?" The answer I gave him, after consulting with Mr. Walp, was, "Sometime around June 24th and July 1st, respectively." I asked him where he was, and he said that he and Mr. Salgado were meeting with the US Attorney and the FBI in Albuquerque.

Later that day, at 4:00PM, Mr. Salgado held a meeting in his office with Mr. Dickson, Mr. Marquez, Associate Director for Administration, Mr. Holt, Associate Director for Operations, and me. Mr. Salgado said words to the effect of, "We screwed up the 'Mustang' Case," and therefore, the US Attorney would not prosecute it. He then immediately directed me to take Mr. Walp and Mr. Doran out of liaison with the FBI and therefore off the remaining FBI case, the so-called "TA-33" case. By ordering Mr. Walp and Mr. Doran off FBI liaison just after describing the screw-up of the "Mustang" case, Mr. Salgado implied that that Mr. Walp and Mr. Doran's handling of the case caused their removal from FBI liaison. I suggested that it was not wise to "change horses in the middle of the stream" but was told that based on the meeting in Albuquerque, Mr. Walp and Mr. Doran no longer had the trust of senior management. The rationale was that Mr. Walp and Mr. Doran had provided incomplete and inaccurate information to Mr. Dickson and Mr. Salgado.

Accordingly, I told Mr. Walp that evening at about 5:45PM that he was off liaison with the FBI. Mr. Doran was not available, so he was told the same thing the next day, October 25th, around noon. I could only tell them that senior management had lost confidence in them. At 09:30AM, I had an acrimonious meeting with Mr. Dickson about being "ambushed" the day before. I had not known about the meeting with the US Attorney or the FBI the day before and that left me completely unprepared for the outcome affecting my employees. In that meeting, he explained that there would be a meeting the following Tuesday (October 29th), in which the roles of LC, OSI, the FBI, and the DOE IG would be sorted out.

At 2:35PM that same day, Agent Jeff Campbell, FBI, telephoned me and asked for assistance on an inquiry about an Australian citizen who had

once visited **Los Alamos**. He said Mr. Doran, who had informed him that he was no longer in the position of FBI liaison, had referred him to me. I told Agent Campbell I would assist him personally. At the close of our conversation, Agent Campbell said: "Nothing I said at yesterday's meeting should have gotten Steve [Doran] in trouble," and "Steve and Glenn [Walp] were very professional in my dealings with them." I only told him their removal from liaison was a decision by senior laboratory management.

I met again with Mr. Dickson later that day, to go over where we stood on each area of concern. Following the meeting, I emailed Mr. Dickson and my supervisor, Mr. Holt, that 1) Mr. Doran and Mr. Walp had been removed from FBI liaison as directed by senior management; 2) we would hold new liaison appointments in abeyance until the Tuesday meeting per Mr. Dickson's direction; and 3) I passed on my conversation with Agent Campbell.

The next Monday, October 28th, I telephoned Agent Campbell and gave him everything he needed on the "Australian" case. As we closed the conversation, he proposed to have Mr. Walp and Mr. Doran participate in pending interviews and search warrants on the "TA-33" case (the sole FBI case at **LANL** at that time, to the best of my knowledge). I told him I could not agree to that. As I have described, the decision to remove them had been made by senior management, and it was clear to me that I did not have the authority to change that decision. I did leave it open ended and told him "we'll back to you," reasoning that the next day this could be resolved in the joint **LANL**/IG/FBI meeting, where senior management would attend. Agent Campbell said that without Mr. Walp and Mr. Doran's participation, he could not assure me we would have 24 hours notice prior to the warrants being served in the "TA-33" case. I made note of this, as at the time, I did not know any such agreement was in place. I had only one purpose in my dealings with Agent Campbell as liaison in the absence of Mr. Tucker, who was away on vacation: to assure that the removal of Mr. Walp and Mr. Doran did not in any way impede, obstruct, hinder or thwart any FBI investigation at the Lab.

The following day (October 29th, at 1:45PM) when I attended the joint meeting, the FBI was not present. Mr. Salgado said that the FBI had "backed out." The first input I made at the meeting was to recount my conversation with Agent Campbell and point out that a firm FBI liaison

was needed. Mr. Salgado said he didn't care if we had prior notice of the warrants being served, but to go ahead and appoint new liaisons. I appointed Mr. Tucker and Mr. Mullens to those duties following the meeting, succeeding my own personal stint of three working days as the liaison.

At 9:00AM on the morning of Thursday, October 31st, the FBI conducted the interviews and served the warrants without prior notice to **LANL**. Between Mr. Tucker and me, we immediately assembled a team from OSI, produced the suspects, and provided full and successful support to the FBI effort. I noted this on my calendar for the day: "Where are Glenn and Steve?" It turned out that Mr. Doran had scheduled that day off, and Mr. Walp had called in sick.

I was later questioned by the DOE IG on this entire matter. The inspector asked me if I had prohibited Mr. Walp and Mr. Doran from speaking to the FBI. My reply was "no," and I characterized that proposition as "ridiculous." If Agent Campbell needed any assistance from anyone in OSI, he could have contacted Mr. Tucker or me, and we would have provided whatever information or access he requested. Alternately, he could have treated Mr. Walp and Mr. Doran as material witnesses, and if they cooperated he would have all the access he wished, without ever needing my consent or knowledge. In my 32 years of experience in law enforcement, the FBI will label such persons as supportive witnesses and/or criminal/confidential informants, and do whatever they legally need to do in terms of access and interviews. What I did not do was to interfere with Agent Campbell's investigation.

What I did do, and the only thing I did, was instruct Mr. Walp and Mr. Doran not to interact with the FBI as liaisons on behalf of the Laboratory, as I was instructed to do so by Mr. Salgado and Mr. Dickson. The IG also asked me if I had been told by anyone that I was not cooperating with the FBI. My answer was "no," and the facts are that the FBI got everything they needed in terms of support from my division, when they needed it.

Throughout the period of late October and early November, both Mr. Salgado and my immediate supervisor, Jim Holt, had discussions with me about the probationary status of Mr. Walp and Mr. Doran. I was under pressure to make a decision on them, and it was clear to me that preferred outcome was to let them go. What I did not know at the time

was that plans to terminate Mr. Walp and Mr. Doran had been made at meetings where I was not present, and did not know about.

The matter came to a head on November 20th, at 8:30AM, when Mr. Holt handed me a draft memorandum that outlined senior managements' concerns on Mr. Walp and Mr. Doran. It was in the form of a memo from me to Mr. Holt, recommending their termination, and he told me to work on it on a "close hold" basis. That same morning, I met with Mr. Holt and his deputy, Barb Stine, at 10:00AM, and we edited the memo line-by-line. The next morning, I took the memo to Mr. Dickson at 8:30AM, and he edited it line-by-line with me. I asked for an explanation of each point in the memo and Mr. Dickson attributed most of the points to himself and Mr. Salgado.

I finalized the memo and sent it to Mr. Holt on November 21st, recommending that Mr. Walp and Mr. Doran be terminated. I was prepared to accept my responsibility under the **LANL** Administrative Manual, which says dismissing probationary employees is done at the division leader level, but I nevertheless had serious concerns. At 10:00AM, I met with Mr. Salgado, and expressed the following reservations: 1) that this action would start a media and political firestorm; 2) that Mr. Walp and Mr. Doran would almost certainly become "whistleblowers," and; 3) that a senior management must participate in the actual terminations as I was relying on their input for taking the action. He acknowledged my concerns, but told me that these matters had been taken into consideration. At 3:25PM that same day, Mr. Salgado told Mr. Holt and me to proceed with the terminations on Monday and to start on restructuring the OSI office; it was specifically agreed at this meeting that Mr. Holt would be present during the terminations.

The next day, November 22nd, I received instructions from the Deputy Division Leader of Human Resources (Phil Kruger) on how to conduct the termination session. He advised me, among other procedural matters, not to have Mr. Holt present. I certainly thought otherwise and on Sunday, November 24th, at 3:05PM, I telephoned Mr. Holt at his home to receive an assurance that he would be participating in the action. On Monday, November 25th, commencing at 8:45AM, I asked both Mr. Walp and Mr. Doran for their resignations, with Mr. Holt present as a witness. Two weeks later, when no resignations were forthcoming, Mr. Holt and I both signed the personnel action forms that formally terminated them.

Almost immediately following the dismissal of Mr. Walp and Mr. Doran, the media and political firestorm I had predicted materialized. As I also forecast, they assumed the status of "whistleblowers" and took their side of the story effectively and continuously to the media and eventually, to this committee. I was told on January 3rd, 2003, that I would be removed from my position as Director of Security, and that did take place on January 8th. I believe this action was taken as a direct result of the media coverage and political "fallout" I had specifically warned senior management about.

The news media coverage of my removal at one point centered on the alleged loss of a hard drive in my division in October of 2002. On October 24th, 2002, at 4:30PM, I met with Mary Margaret Trujillo (OSI) and Steve Croney (S-4 Group Leader), and they told me that an ongoing inventory of classified removable electronic media (CREM) in Mr. Croney's group had not been reconciled. I believe Mr. Croney had first discovered the problem sometime earlier in the day. Mr. Croney said that a bar coded CREM was not in the safe it should be, and that a search of that safe did not result in finding it; the item was listed as a hard drive.

At 4:45PM the same day, I telephoned Frank Ward of the local DOE office, and informed him that I was formally reporting an incident of security concern (a "security incident"), and explained an item in the S-4 CREM inventory was not where it should be. I told him that we would be reporting it in writing the next morning, within 24 hours, as procedures called for. I immediately called in Leigh Barnes to assist. Mr. Barnes' group was in charge of the CREM inventory lab-wide, and were on-call, like a SWAT team, to respond to any anomalies during inventories.

At 5:15PM, I met with Mr. Croney, Mr. Barnes, Ms. Trujillo, and Ms. Trujillo's supervisor, Mr. Walp. I sent Mr. Barnes and Mr. Croney off to continue the search in S-4, and we agreed to reconvene in the morning. At about 7:30PM, I reached Ken Schiffer, head of the Internal Security Office, by telephone. I told him I had a security incident in my own division and that I might need an inquiry official from his office (An inquiry official investigates a security incident). To avoid the appearance of a conflict of interest in the inquiry, I wanted an inquiry official from outside S Division. Mr. Schiffer agreed to assist.

The next morning, October 25th, at 7:00AM, Mr. Croney and Mr. Barnes came to my office and presented a plan to do a wall-to-wall search of the entire group. They estimated it would take well into the weekend to check and recheck all of the inventory and to search all of the physical space. I told them to proceed and sent Mr. Croney to get started. At this meeting, Mr. Croney could not articulate in any way what the missing item was used for, or what information it might contain.

At 7:45AM, I met with Mr. Barnes, Mr. Walp, and Ms. Trujillo and told them we would be putting the report in writing, but also that I was going to ask Mr. Holt to appoint an outside inquiry official to avoid a conflict of interest in "investigating ourselves." A draft of the written report was reviewed at this meeting, and it did not make sense to me on two accounts: 1) It said the hard drive was lost or missing, when clearly in point of fact, the search was still ongoing; and 2) That someone was in the hospital, and that is why we could not explain the inventory difference. In either case, it would require a full inquiry to determine if something was lost or missing, and if all pertinent witnesses had been contacted. I asked Mr. Walp, Mr. Barnes, and Ms. Trujillo to come up with more factual wording for the report. I signed out the written report within two hours, and Mr. Walp faxed it to DOE. It now correctly stated that we could not locate the item and that we were continuing to attempt to reconcile the inventory. I approved the classification of Impact Measurement Index 2 (IMI-2), the highest and most serious classification I could assign without knowing for certain that there was a confirmed compromise of classified information.

Mr. Barnes and I met with Mr. Holt at 10:15 AM, and he agreed to appoint an inquiry official outside of S Division for the reasons I had put forward: I was both the responsible line manager and the Director of Security and that constituted at least the appearance of a conflict of interest. He communicated with a Mr. Roth in Mr. Schiffer's absence, and then appointed Ms. Mary Ann Lujan from the Internal Security Office as the inquiry official for the incident.

On Sunday, October 27th, I met with Mr. Croney and Mr. Barnes to hear their report on the wall-to-wall search. They explained their methodology for the search and detailed their activities over the previous 72 hours. They then told me that they had found the bar coded item and that it was a carrier without a hard drive in it. This was an interesting

development in terms of reconciling the inventory, but it did not address the fundamental question of whether or not classified information was potentially compromised. On October 28th, Mr. Walp, Mr. Barnes, and I met with Ms. Lujan as she started her inquiry. They told her what they knew up to that point, and I instructed them to give her all necessary support.

On November the 1st, I was present when Ms. Lujan gave an update to Scott Gibbs, who was acting on behalf of Mr. Holt. I asked Ms. Lujan if my people were cooperating, and although she said "yes," she also said words to the effect that some people could be more forthcoming. As I recall, her point was that some were not volunteering information, but only answering direct questions. I immediately took this back to Mr. Croney and instructed him to reinforce with all of his people that full cooperation was essential, and I would not tolerate anything less. I followed up with Mr. Croney from time to time after that to ensure this was done. On November 15th, I performed a second- level managers review of Mr. Croney's CREM inventory, checking safes and inventory records along with him and his custodians. I found no issues. I believe I sat in on one other update, but I do not recall the date or the specifics discussed.

After being removed from the position of Director of Security, I was questioned about taking part in, as it was described to me, rescinding this report. This is completely untrue; I did not in any way, orally or in writing, rescind the report. The "rescission" was also attributed to Mr. Tucker, my Deputy. This is also patently false, as he was out of town on vacation; in fact, the only reason I was involved in reporting this incident was that in his absence, I was covering his duties as the supervisor of OSI. Further, I cannot understand why anyone would credit this assertion of a "rescission," as clearly a full inquiry proceeded to its conclusion. What I did do was immediately launch a massive effort to reconcile the inventory, properly report the incident, classify it at the highest level of concern I could, appropriately remove myself from the inquiry chain at the earliest opportunity, keep careful records of the proceedings, and ensure the cooperation of my division in the inquiry.

This committee's staff questioned me for the first and only time to date about these matters on February 7th, 2003. Although I have first hand knowledge of these events, no one at **LANL** or UC has interviewed me.

To the best of my knowledge, no one has interviewed Mr. Barnes either, although he clearly has first hand knowledge of what happened during the initial stages of the inquiry. I have never seen Ms. Lujan's report; she completed it after I was removed from my position, and in any case it was prepared on behalf of Mr. Holt. I have not read it, nor have I been consulted on its content or conclusions. I therefore have no knowledge of actions pending or taken as a result of the inquiry.

In conclusion, throughout all of these matters, I have not participated in, nor observed, any actions that could remotely be described as a management cover-up. I never harbored any motive of "thwarting" Mr. Walp and Mr. Doran's work. On the contrary, I provided appropriate resources and support for OSI throughout this period, and assisted Mr. Tucker in interceding with legal counsel and senior management when they needed support. I kept an extensive record of the events as they occurred and I have shared that record fully and cooperatively with all the concurrent investigations.

For my own part, I participated in the terminations with caution and reservation; Mr. Tucker did not participate in the terminations at all. I took all of my actions with consistency and in good faith and I used the information provided to me about Mr. Walp and Mr. Doran in a manner appropriate to the seriousness with which it was presented to me. I took no independent action in this matter; I recommended the terminations based on what I was told, but I did not make the decision. I had no reason at the time to suspect the motives of my chain of command or the veracity of the information they gave me. When the terminations were effected, I saw to it that the extraordinary steps were taken of having a senior manager present, and of having him sign the personnel action forms.

Thank you for the opportunity to assist in you investigation of this matter.